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FACT SHEET

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Pioneer Accountable Care Organization Model: General Fact Sheet

The Pioneer ACO Model is a CMS Innovation Center initiative designed to support organizations with experience operating as Accountable Care Organizations (ACOs) or in similar arrangements in providing more coordinated care to beneficiaries at a lower cost to Medicare. The Pioneer ACO Model will test the impact of different payment arrangements in helping these organizations achieve the goals of providing better care to patients, and reducing Medicare costs.

Accountable Care Organizations

Accountable Care Organizations (ACOs) are one way CMS is working to ensure better health care, better health, and lower growth in expenditures through continuous improvement.

The Medicare Shared Savings Program provides incentives for ACOs that meet standards for quality performance and reduce cost while putting patients first. Established by the Affordable Care Act, CMS published final rules for the Shared Savings Program on November 2, 2011. More information is available at www.cms.gov/sharedsavingsprogram.

Working in concert with the Shared Savings Program, the Innovation Center is testing an alternative ACO model, the Pioneer ACO Model. The Innovation Center is also testing the Advance Payment ACO Model, which will provide additional support to physician-owned and rural providers participating in the Shared Savings Program who would benefit from additional start-up resources to build the necessary infrastructure, such as new staff or information technology systems.

More information on all of these initiatives is available on the Innovation Center website at www.innovations.cms.gov.

The Pioneer ACO Model and Selected Organizations

The Pioneer ACO Model was designed specifically for organizations with experience offering coordinated, patient-centered care, and operating in ACO-like arrangements. The selected organizations were chosen for their significant experience offering this type of quality care to their patients, along with other criteria listed in the Request for Applications (RFA) document available at www.innovations.cms.gov. These organizations were selected through an open and competitive process from a large applicant pool that included many qualified organizations.

The 32 organizations participating in the Pioneer ACO Model:

Organization	Service Area
1. Allina Hospitals & Clinics	Minnesota and Western Wisconsin
2. Atrius Health Services	Eastern and Central Massachusetts
3. Banner Health Network	Phoenix, Arizona Metropolitan Area (Maricopa and Pinal Counties)
4. Bellin-Thedacare Healthcare Partners	Northeast Wisconsin
5. Beth Israel Deaconess Physician Organization	Eastern Massachusetts
6. Bronx Accountable Healthcare Network (BAHN)	New York City (the Bronx) and lower Westchester County, NY
7. Brown & Toland Physicians	San Francisco Bay Area, CA
8. Dartmouth-Hitchcock ACO	New Hampshire and Eastern Vermont
9. Eastern Maine Healthcare System	Central, Eastern, and Northern Maine

10. Fairview Health Systems	Minneapolis, MN Metropolitan Area
11. Franciscan Health System	Indianapolis and Central Indiana
12. Genesys PHO	Southeastern Michigan
13. Healthcare Partners Medical Group	Los Angeles and Orange Counties, CA
14. Healthcare Partners of Nevada	Clark and Nye Counties, NV
15. Heritage California ACO	Southern, Central, and Coastal California
16. JSA Medical Group, a division of HealthCare Partners	Orlando, Tampa Bay, and surrounding South Florida
17. Michigan Pioneer ACO	Southeastern Michigan
18. Monarch Healthcare	Orange County, CA
19. Mount Auburn Cambridge Independent Practice Association (MACIPA)	Eastern Massachusetts
20. North Texas Specialty Physicians	Tarrant, Johnson and Parker counties in North Texas
21. OSF Healthcare System	Central Illinois
22. Park Nicollet Health Services	Minneapolis, MN Metropolitan Area
23. Partners Healthcare	Eastern Massachusetts
24. Physician Health Partners	Denver, CO Metropolitan Area

25. Presbyterian Healthcare Services – Central New Mexico Pioneer Accountable Care Organization	Central New Mexico
26. Primecare Medical Network	Southern California (San Bernardino and Riverside Counties)
27. Renaissance Medical Management Company	Southeastern Pennsylvania
28. Seton Health Alliance	Central Texas (11 county area including Austin)
29. Sharp Healthcare System	San Diego County
30. Steward Health Care System	Eastern Massachusetts
31. TriHealth, Inc.	Northwest Central Iowa
32. University of Michigan	Southeastern Michigan

The Innovation Center

The Innovation Center was created by the Affordable Care Act to test new models of health care delivery and payment. The Center also offers technical support to providers to improve the coordination of care and share lessons learned and best practices throughout the health care system. It is committed to refining the Medicare, Medicaid and CHIP programs to deliver better care for individuals, better health for populations, and lower growth in expenditures.

Payment Arrangement and Beneficiary Alignment

The first performance period begins in January 1st, 2012. In the first two performance years, the Pioneer Model tests a shared savings and shared losses payment arrangement with higher levels of reward and risk than in the Shared Savings Program. These shared savings would be determined through comparisons against an ACO's benchmark, which is based on previous CMS expenditures for the group of patients aligned to the Pioneer ACO

In year three of the program, those Pioneer ACOs that have shown savings over the first two years will be eligible to move to a population-based payment model. Population-based payment

is a per-beneficiary per month payment amount intended to replace some or all of the ACO's fee-for-service (FFS) payments with a prospective monthly payment.

Additionally, during the application process, organizations were invited to propose alternative payment arrangements. CMS established two alternatives to the core payment arrangement discussed above based on this input. Both of these alternatives follow a shared savings model in years one and two, and provide an option for a partial population based payment that removes limits on rewards and risks in year three. These arrangements will allow Pioneer ACOs more flexibility in the speed at which they assume financial risk.

Under the Pioneer ACO Model, CMS will prospectively align beneficiaries to ACOs, allowing care providers to know at the beginning of a performance period for which patients' cost and quality they will be held accountable.

Beneficiary Protections and Quality Measures

Providing the beneficiary with a better care experience is one of the central focuses of the Pioneer ACO Model. Under the Pioneer ACO Model, beneficiaries will maintain the full benefits available under traditional Medicare (fee-for-service), as well as the right to receive services from any healthcare provider accepting Medicare patients.

To ensure beneficiaries receive high quality care and enjoy a positive experience, CMS has established robust quality measures that will be used to monitor the quality of care provided and beneficiary satisfaction. These measures mirror those in the Shared Savings Program. For more information, visit www.cms.gov/sharedsavingsprogram and view the fact sheet entitled "Improving Quality of Care for Medicare Patients: Accountable Care Organizations."

More information about beneficiary protections and quality measures is available in the fact sheet entitled "The Pioneer ACO Model: A Better Care Experience Through a New Model of Care."

Eligibility Criteria/Program Requirements

To be eligible to participate in the Pioneer ACO Model, organizations are required to be providers or suppliers of services structured as:

- 1) ACO professionals in group practice arrangements;
- 2) Networks of individual practices of ACO professionals;
- 3) Partnerships or joint venture arrangements between hospitals and ACO professionals;
- 4) Hospitals employing ACO professionals; or
- 5) Federally Qualified Health Centers (FQHC).

Health Information Technology

By the end of 2012, Pioneer ACOs must attest and CMS will confirm that at least 50% of the ACO's primary care providers have met requirements for meaningful use of certified electronic health records (EHR) for receipt of payments through the Medicare and Medicaid EHR Incentive Programs.

Minimum Number of Aligned Beneficiaries

Beneficiaries are aligned to ACOs through the healthcare providers that choose to participate. CMS will review where a beneficiary has been receiving the plurality of his/her primary care services, and use that information to establish which beneficiaries are aligned to a participating provider. If a primary care provider chooses to participate in an ACO, the beneficiaries aligned to him or her through this process would be aligned to the ACO. If a beneficiary receives less than 10 percent of their care from a primary care provider, CMS will review where a beneficiary has been receiving the majority of his/her specialty services to determine alignment.

Participants generally must have a minimum of 15,000 aligned beneficiaries unless located in a rural area, in which case are to have a minimum of 5,000 beneficiaries. In order to be aligned, beneficiaries must be enrolled in original, fee for service Part A and B Medicare. They cannot be participating in Medicare Advantage plans.

Participation of Other Payers

The Innovation Center believes that Pioneer ACOs will be more effective in producing improvements in three part aim of better care for individuals, better health for populations, and slower growth in expenditures if they fully commit to a business model based on financial and performance accountability. The Innovation Center therefore requires Pioneer ACOs to enter similar contracts with other payers (such as insurers, employer health plans, and Medicaid) such that more than 50 percent of the ACO's revenues will be derived from such arrangements by the end of the second Performance Period.

Selection Process

CMS conducted a lengthy, open and competitive application process to select the final participants in the Pioneer ACO Model. CMS released a Request for Applications (RFA) in May 2011 that detailed the selection criteria. Applicants were required to submit both a Letter of Intent and Application. Applications were reviewed by a panel of experts from the Department of Health and Human Services as well as from external organizations, with expertise in the areas of provider payment policy, care improvement and coordination, primary care, and care of vulnerable populations. These panels assessed the applications based on the criteria detailed in the RFA. Applicants with the highest scores were invited to participate in interviews with Innovation Center leadership at the CMS facility in Baltimore. Based on these interviews, CMS

chose a pool of finalists. The Pioneer ACOs announced in December 2011 were those finalists choosing to sign a final agreement with CMS.

Pioneer ACO Model and the Shared Savings Program

The Pioneer ACO Model is distinct from the Shared Savings Program. The Shared Savings Program fulfills a statutory obligation set forth by the Affordable Care Act to establish a permanent program that develops a pathway forward for groups of health care providers to become ACO's, while the Pioneer ACO Model is an initiative designed to test the effectiveness of a particular model of payment. Final rules for the Shared Savings Program were published in November 2011. More information is available at www.cms.gov/sharedsavingsprogram.

The Pioneer ACO Model differs from the Medicare Shared Savings Program in the following ways, among others:

- The first two years of the Pioneer ACO Model are a shared savings payment arrangement with higher levels of savings and risk than in the Shared Savings Program.
- Starting in year three of the initiative, those organizations that have earned savings over the first two years will be eligible to move to a population-based payment arrangement and full risk arrangements that can continue through optional years four and five.
- Pioneer ACOs are required to develop similar outcomes-based payment arrangements with other payers by the end of the second year, and fully commit their business and care models to offering seamless, high quality care.

Additional Information

Additional information about the Pioneer ACO Model is available on the Pioneer ACO Model website - <http://www.innovations.cms.gov/initiatives/aco/pioneer>